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C O N F I D E N T I A L ROME 000782

SIPDIS

DOS FOR SPECIAL ADVISOR DENNIS ROSS; EEB FOR DAS HENGEL

E.O. 12958: DECL: 07/07/2019
TAGS: [ENRG](#) [EPET](#) [ETTC](#) [IR](#) [IT](#) [PREL](#)
SUBJECT: ITALIAN COMPANY INVOLVEMENT IN IRANIAN GAS
TREATMENT PLANT

REF: A. A) STATE 31399
 1B. B) ROME 431
 1C. C) JUNE 12 2009 ROME DAILY REPORT: ITALIAN
 COMPANY TO SIGN AGREEMENT FOR NEW GAS
 TREATMENT PLANT IN IRAN
 1D. D) ROME JUNE 10 2009 AYALA-COULTER-NEPHEW-JESTER
 E-MAIL
 1E. E) ROME 719
 1F. F) JUNE 24 2009 LEAF-BRADLEY-GOLDBERGER-HALE
 E-MAIL
 1G. G) ROME 743

Classified By: CDA Elizabeth Dibble for reasons 1.4 b and d

1. (C) Summary: On June 9, 2009, the Italian engineering company Maire Tecnimont announced that it intends to sign a 200 million Euro contract to help build a gas treatment plant in Tombak, Iran. This announcement comes in spite of an April 2009 U.S. demarche requesting the GOI discourage this deal and other new energy sector contracts with Iran. The new deal also calls into question recent statements by Italian officials about Italy's cooperation with efforts to put more pressure on the Iranian regime. Request the Department assess the Tecnimont announcement to determine whether it crosses any Iran Sanctions Act trip wires. Given PM Berlusconi's recent pledge to the President to steer Italian firms away from undertaking significant new business with Iran, we recommend that a follow-up demarche on this project be delivered to senior GOI officials. End Summary.

2. (C) On June 9, 2009 Milan-based Maire Tecnimont announced that it intends to sign a contract in July to help build a gas treatment plant in Iran. According to the company's press release (available on its website at <http://www.mairetecnimont.it>), Maire Tecnimont has received a Letter of Intent from Petropars Ltd, a subsidiary of the National Iranian Oil Company, for a contract to build part ("EPC3") of a gas treatment facility in Tombak, Iran. This facility will be part of the development of the South Pars Gas Field Development Phase 12. The press release further adds that "the ...package will be executed by a Consortium formed by Tecnimont S.p.a. and the Iranian companies Nargan, Dorriz and Gamma. The EPC3 cost is estimated to be approximately 1.3 billion Euros, while Tecnimont's scope of work will include overall project management, engineering, procurement services, and construction assistance for a total amount exceeding 200 million Euros."

3. (C) Post is not entirely certain, but this appears to be the same project which was the subject of Ref A demarche request (see also Ref B, our report on the delivery of this demarche). Embassy Rome and Consulate General Milan have repeatedly attempted to discuss this project with officials

from Tecnimont, but the company has not granted us an appointment. Open source materials shows Maire Tecnimont to be a well-connected Italian firm, with many of its senior officials having either current or former ties to ENI and/or FIAT, and to important Italian political figures.

14. (C) Comment: In the wake of Prime Minister Berlusconi's June 15 meeting with POTUS in Washington, Italian officials have told us the GOI is holding true to Berlusconi's agreement to steer Italian firms away from any big new deals.

Berlusconi's diplomatic advisor told us that the PM phoned ENI chief Scaroni and told him not to sign any new deals with the Iranians "in the near future." (See Ref E) MFA Secretary General Massolo told Charge Dibble recently that three Italian firms (ENI, ENEL, and Edison) had been told by the GOI to "go slow" on new contracts with Iran. In a June 23 conversation with Israeli Prime Minister Netanyahu (Ref G), we understand Berlusconi downplayed Italian involvement in Iran, claiming that only one major Italian company (ENI) is active there. This new 200 million Euro Marie Tecnimont contract seems to contradict these Italian pledges to "go slow". Post requests Washington look closely at what Maire Tecnimont is preparing to do in Iran, determine whether the planned activities violate provisions of the Iran Sanctions Act, and consider additional demarches, perhaps at higher levels. This issue could be raised (perhaps at staff level) on the margins of the President's visit to Italy for the G8. End comment.

DIBBLE